

SENATE BILL No. 394

DIGEST OF INTRODUCED BILL

Citations Affected: IC 36-1-12.5.

Synopsis: Guaranteed energy savings contracts. Makes certain changes in the guaranteed energy savings contracts law used by school corporations and political subdivisions. Provides that actual savings may include stipulated savings that are documented by industry engineering standards, and that causally connected work is work that is required to properly implement an energy conservation measure. Provides that an energy conservation measure may include future labor, contracted services, and related capital expenditures. Requires a governing body to file a copy of an executed contract and other information with the department of commerce. Provides that stipulated savings may be used in determining actual savings for various energy conservation measures. Requires a contract that includes stipulated savings to specify the methodology used to calculate the savings using industry engineering standards. Provides conditions under which improvements that are not causally connected to an energy conservation measure may be included in an energy savings contract.

Effective: Upon passage; July 1, 2002.

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January 10, 2002, read first time and referred to Committee on Finance.

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Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 394

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 36-1-12.5-0.5 IS ADDED TO THE INDIANA
- 2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 3 [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. As used in this chapter,**
- 4 **"actual savings" includes stipulated savings.**
- 5 SECTION 2. IC 36-1-12.5-0.7 IS ADDED TO THE INDIANA
- 6 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 7 [EFFECTIVE UPON PASSAGE]: **Sec. 0.7. As used in this chapter,**
- 8 **"causally connected work" means work that is required to**
- 9 **properly implement an energy conservation measure.**
- 10 SECTION 3. IC 36-1-12.5-1 IS AMENDED TO READ AS
- 11 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this
- 12 chapter, "energy conservation measure" means a school facility
- 13 alteration or an alteration of a structure (as defined in IC 36-1-10-2)
- 14 designed to reduce energy consumption costs or other operating costs,
- 15 including the following:
- 16 (1) Providing insulation of the school facility or structure and
- 17 systems within the school facility or structure.



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(2) Installing or providing for window and door systems, including:

- (A) storm windows and storm doors;
- (B) caulking or weatherstripping;
- (C) multi-glazed windows and doors;
- (D) heat absorbing or heat reflective glazed and coated windows and doors;
- (E) additional glazing;
- (F) the reduction in glass area; and
- (G) other modifications that reduce energy consumption.

(3) Installing automatic energy control systems.

(4) Modifying or replacing heating, ventilating, or air conditioning systems.

(5) Unless an increase in illumination is necessary to conform to Indiana laws or rules or local ordinances, modifying or replacing lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility or structure.

(6) Providing for other energy conservation measures that reduce energy consumption or reduce operating costs, **including future:**

- (A) labor costs;**
- (B) costs for contracted services; and**
- (C) related capital expenditures.**

SECTION 4. IC 36-1-12.5-2.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 2.5. As used in this chapter, "industry engineering standards" includes the following:**

- (1) Lifecycle costing.**
- (2) The R. S. Means estimating method developed by the R. S. Means Company.**
- (3) Historical data.**
- (4) Manufacturer's data.**
- (5) American Standard Heating Refrigeration Air Conditioning Engineers (ASHRAE) standards.**

SECTION 5. IC 36-1-12.5-3.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 3.5. As used in this chapter, "related capital expenditures" includes capital costs that:**

- (1) the governing body reasonably believes will be incurred during the contract term;**
- (2) are part of or are causally connected to the energy conservation measures being implemented; and**

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(3) are documented by industry engineering standards.

SECTION 6. IC 36-1-12.5-3.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 3.7. As used in this chapter, "stipulated savings" are assumed savings that are documented by industry engineering standards.**

SECTION 7. IC 36-1-12.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 10. The governing body shall annually report to the department of commerce, in accordance with procedures established by the department of commerce, the savings resulting in the previous year from the guaranteed energy savings contract or utility energy efficiency program: provide the following to the department of commerce not more than sixty (60) days from the date of execution of the guaranteed energy savings contract:**

(1) A copy of the executed guaranteed energy savings contract.

(2) The energy consumption costs before the date of execution of the guaranteed energy savings contract.

(3) The documentation using industry engineering standards for:

(A) stipulated savings; and

(B) related capital expenditures.

SECTION 8. IC 36-1-12.5-11 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2002]: **Sec. 11. (a) A contract that includes stipulated savings must specify the methodology used to calculate the savings using industry engineering standards.**

(b) Stipulated savings may be used for energy conservation measures including the following:

(1) Heating.

(2) Air conditioning.

(3) Ventilating.

(4) Lighting.

(5) Roofing.

(6) Windows.

(7) Water conservation.

(8) Fuel and power improvements.

(9) Any work that is causally connected to the energy conservation measures listed in subdivisions (1) through (8).

(c) The contract shall:

(1) describe stipulated savings for:



1 (A) energy conservation measures; and

2 (B) work causally connected to the energy conservation
3 measures; and

4 (2) document assumptions by industry engineering standards.

5 SECTION 9. IC 36-1-12.5-12 IS ADDED TO THE INDIANA
6 CODE AS A NEW SECTION TO READ AS FOLLOWS
7 [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) An improvement that
8 is not causally connected to an energy conservation measure may
9 be included in an energy savings contract if:

10 (1) the improvement is necessary to conform to a law, rule, or
11 ordinance; and

12 (2) an analysis within the contract demonstrates that:

13 (A) there is an economic advantage to the political
14 subdivision in implementing an improvement as part of the
15 contract; and

16 (B) the savings justification for the improvement is
17 documented by industry engineering standards.

18 (b) The information required under subsection (a) must be
19 reported to the department of commerce.

20 SECTION 10. An emergency is declared for this act.

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